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131958Z Jul 05

UNCLAS SECTION 01 OF 02 BRASILIA 001867

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E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [ECON](#) [PINR](#) [BR](#)

SUBJECT: BRAZIL: CABINET SHUFFLE--PART II

REF: A. BRASILIA 1819

[B](#). BRASILIA 1849

1.(SBU) SUMMARY. The political crisis besetting the Brazilian government is continuing to unfold (reftels). President Lula's cabinet shuffle, which began on June 16 with Chief of Staff Dirceu's resignation, continued this week. Further changes are expected next week. In addition to the four ministers (Communications, Health, Mines and Energy, and Labor) named on Friday, Lula's office announced more changes on July 12: four other ministers are stepping down; and a new Education Minister was named. The offices of the Secretary for Human Rights and Communications Secretary will lose cabinet rank, and be folded into the Ministry of Justice and the Chief of Staff's Office, respectively. Aldo Rebelo's current position as Political Coordinator will be folded into the Economic and Social Development Council in Lula's office, led by Jaques Wagner. Biographical information at paragraph [4](#). END SUMMARY.

LULA'S NEW CABINET: WHO'S COMING AND WHO'S GOING

2.(SBU) As previously reported (reftels), President Lula is carrying out a cabinet shuffle, driven by corruption scandals that have intensified dramatically over the past month and have left Congress paralyzed. Last week, Lula named three PMDB party members as ministers: Senator Helio Costa as Communications Minister; Federal Deputy Saraiva Felipe as Health Minister; and Silas Rondeau as Minister of Mines and Energy. The President of the Sole Worker's Union (CUT), Luiz Marinho, was named as the new Labor Minister. All four took office earlier this week. On July 12, Lula's office announced the latest cabinet changes:

- The offices of Political Coordinator, Human Rights, and Communications Secretary will lose cabinet rank.
- Aldo Rebelo will step down as Political Coordinator (in Lula's office) and return to Congress. The Office of Political Coordinator will be folded into the Economic and Social Development Council, headed by Jaques Wagner.
- Nilmaro Miranda, Secretary for Human Rights, is resigning to run for office in the 2006 elections. His replacement has not yet been announced. The Office of Human Rights will lose its cabinet rank and be folded into the Ministry of Justice.
- Luiz Gushiken, current Communications Secretary in Lula's office, loses his rank as cabinet minister but will remain in this position. His office will now be subordinated to Chief of Staff Dilma Rousseff.
- Eduardo Campos is stepping down as Minister of Science and Technology, and returning to Congress. His party, the PSB, will keep this cabinet slot and has nominated Sergio Rezende, president of the Ministry's FINEP (Agency for the Financing of Studies and Projects), to fill the vacancy.
- Romero Juca, Social Security Minister, who is facing corruption allegations separate from the scandals swirling through Brasilia, will return to Congress. No replacement has yet been named. However, it is likely that the position will go to another PMDB member to satisfy the party's quota of ministers.
- Fernando Haddad, Education Ministry Executive Secretary, will replace Tarso Genro, who resigned as Minister to take over as President of the PT party, as Education Minister on July 27.

COMMENT: MORE CHANGES TO COME

[3](#). (SBU) The recent cabinet reforms seem to suggest Lula is shrinking and streamlining the cabinet. Even competent ministers, untouched by the scandal (Campos, Costa, Berzoini) are resigning early, at Lula's request, in anticipation of the 2006 elections. Lula's selection of technical experts as ministers--Haddock (Education), Rezende (Science and Technology), Felipe (Health), Rondeau (Mines and Energy), and Marinho (Labor)--indicates his inclination for "technocrats" rather than politicians. Further cabinet reforms will be

announced next week, following President Lula's return from Paris. The PMDB is seeking a fourth cabinet post and the PP is seeking their first.

#### BIOGRAPHIES OF NEW MINISTERS

##### 14. (SBU):

- Jaques Wagner, 54, Secretary of the Council on Economic and Social Development (a sort of public-private think-tank in Lula's office), will keep his position and also take over Rebelo's as the Political Coordinator. Wagner was elected as Federal Deputy from Bahia in 1990 and served in congress until Lula named him Labor Minister in 2003. His legislative focus while in the Chamber of Deputies was on labor and consumer rights issues. In 2002, he was among the PT gubernatorial candidates who failed to ride Lula's coattails into office. Wagner was the founder of the PT branch in Bahia and also founded the state's chapter of the labor federation CUT. Because of his involvement in the student movement in opposition to the military regime, Wagner was forced to withdraw from the Catholic University of Rio de Janeiro's engineering program.

- Fernando Haddad, 42, Education Ministry Executive Secretary becomes the new Education Minister, replacing Tarso Genro who will step down on July 27. Haddad has a law degree (1985), a Master's in Economics (1988), and a doctorate in Philosophy (1996). He served as President of the Academic Center of the 11th of August (1985) and is a Political Science professor at the University of Sao Paulo. Haddad is also a member of the Theory and Debate magazine editorial board and two other publishing companies, as well as a member of the executive board of Praga magazine. With a strong leftist background, Haddad has supported Lula's stance on reforming the education system.

- Luiz Marinho becomes the Minister of Labor, replacing Ricardo Berzoini. Born in Cosmorama, in San Paulo state, Marinho spent most of his youth working on a farm. He then became a metal worker and was eventually hired as a machinery operator at Volkswagen. Marinho was president of the Metal Worker's Union in Sao Paulo before becoming President of the Sole Worker's Union Federation (CUT) in 2003. In 2004, he obtained his undergraduate degree in Law. He is close to President Lula.

- Sergio Rezende, 65, is likely to replace Eduardo Campos as Minister of Science and Technology. Rezende is well known in academic and political fields. He has an undergraduate degree in electronic engineering from the Catholic University of Rio, a Master's and Doctorate in Physics from MIT, and was a Fulbright Fellow. He was a professor at the Catholic University of Rio and the University of Campinas. Rezende helped establish the Foundation of Science and Technology Assistance of Pernambuco (1987-90), and served as state Secretary for Science and Technology (1995-98) in the state

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government of Governor Miguel Arrae, Eduardo Campos' grandfather, and Secretary of Patrimony of the historic city of Olinda (2001-03). In 2003, he became president of FINEP (Agency for the Financing of Studies and Projects) in the Science and Technology Ministry.

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